

STATESIDE / HEALTH-CARE BATTLE

Doctors Threaten Legal Challenge to Clinton Reforms

By Robert Pear
New York Times Service

CHICAGO — Leaders of the American Medical Association have laid the groundwork for an aggressive legal and political campaign against two important elements of the health plan being developed by President Bill Clinton — limits on national spending for health care and on doctor charges.

The board of trustees warned Monday of significant constitutional challenges if the government tried to impose price controls or an overall limit on health spending, both of which have been advocated by the White House.

The doctors and their lawyers see the practice of medicine as a property right, protected by the Fifth Amendment. One clause of the Fifth Amendment states that no person may be deprived of life, liberty or property

without due process of law. Another clause says private property may not be taken for public use without just compensation.

In a report to the medical association, which is holding its annual meeting here, the lawyers wrote: "When price controls are imposed on all physicians, there can be no claim that they have been incurred voluntarily. The only way to avoid the controls would be to abandon the practice of medicine entirely. However, physicians make huge investments in specialized training and equipment — an investment which would have no value if not devoted to the practice of medicine. A decision to abandon the profession would completely wipe out this investment."

In addition, the medical association asserted that although Congress was free to limit U.S. spending for health care, and could discourage employers from spending money for employee health care, the Fifth Amendment "prohibits the government from barring

individuals from using their own funds or their own insurance coverage to obtain appropriate medical care based solely on a governmental desire to limit aggregate expenditures on health care."

Under the developing Clinton administration plan, all Americans would be guaranteed a basic health package. The administration said the package would be so comprehensive that there would be no need to buy more, but it has not addressed what portion the government would take if people felt such a need.

In Washington, Robert O. Boorstin, a White House spokesman, said: "I am sure that Justice Department people have looked at these questions. I don't know their conclusion." On price controls, Mr. Boorstin said, "I have a sneaking suspicion" that the views of consumers and economists will count for more than the views of the American Medical Association.

The medical association's board said it planned aggressive lobbying in Washington and across the

country to resist price controls, limits on health-care spending and other proposals opposed by physicians. They support some of Mr. Clinton's ideas, such as a guaranteed package of health benefits for everyone.

The government already limits doctor fees under the limited Medicare and Medicaid programs. U.S. physicians do not have to participate in either program. The Clinton administration, however, is considering limits on fees charged by physicians to private patients as well.

Officials of the medical association said that it would be much more difficult for the government to set prices for doctor services than for products like, for example, natural gas. The medical association's lawyers said that any system of price controls on doctor services "must distinguish between different procedures, different physician training levels and different areas of the country."

POLITICAL VOICES

Clinton Turns Other Check to Questioner

WASHINGTON — President Bill Clinton jokingly gave an ABC reporter, Brit Hume, a fresh chance to question him on Tuesday, a day after tersely rejecting a query from the White House correspondent at a Rose Garden news conference.

At a news conference Tuesday in the White House, Mr. Clinton made a short opening statement about the economy and other matters, then added: "Having said that, I think I ought to give Brit his follow-up."

"You know what I'm really upset about? You got a honeymoon and I didn't," Mr. Clinton said.

Mr. Hume, who just returned from a two-week honeymoon, shot back: "Yes sir, but you got to end it."

"Let's extend it then," Mr. Clinton said. Mr. Clinton insisted he was "not mad at the press," despite cutting short the news conference Monday.

Aides to the president defended Mr. Clinton's reaction to Mr. Hume's question about his decision-making process that followed his announcement of a federal appellate court judge, Ruth Bader Ginsburg, as his Supreme Court nominee.

The president's chief of staff, Thomas F. McElroy, said the question that bothered Mr. Clinton "came right on the heels of Judge Ginsburg's confirmation, which was hectic and very personal, and the president simply didn't want to go into a lot of process questions after those comments." (AP)

Black Still Beautiful for a Black Republican

WASHINGTON — On Friday, he was quitting. Over the weekend, he was listening. Now he is staying.

Representative Gary A. Franks, Republican of Connecticut, concluded, under the television lights, a very public spell of playing an inquisitive Hamlet. The question: Would the only black Republican in Congress remain a member of the Congressional Black Caucus?

"As long as I am a member of Congress and black, I will continue to belong to the C.B.C.," Mr. Franks declared Monday at a news conference originally called to announce his resignation from the 39-member group.

The conservative lawmaker, who is in his second term, said he decided to continue his membership because constituents urged him to stay. He had planned to quit, he said, because the Black Caucus has "routinely" ejected him from meetings where intra-party — Democratic Party, that is — issues were discussed.

"We're working on a streak now, I believe it's four or five consecutive meetings in which I've been asked to leave," Mr. Franks said. "I think I've been asked to leave more often than I've been asked to stay."

When Congress is in session, the caucus meets weekly at a private Wednesday luncheon in the Rayburn House Office Building. Membership dues are \$10,000 per two-year session. A spokeswoman for Representative Kwesi Mfame, Democrat of Maryland, caucus chairman, said he had no comment on Mr. Franks' decision or his grievances. (AP)

Career Diplomat Named Rome Ambassador

WASHINGTON — Mr. Clinton announced on Tuesday the nomination of a senior Foreign Service officer, Reginald Bartholomew, to be ambassador to Italy.

Mr. Bartholomew has recently served as U.S. special envoy to the former Yugoslavia and U.S. representative to NATO. From 1989 to 1992 he was undersecretary of state for security assistance programs. He earlier served as ambassador to Spain and Lebanon.

Meanwhile, Washington broke a long tradition of patronage by appointing a career diplomat, Edward J. Perkins, as ambassador to Australia, rather than sending the more customary political fund contributor. Australians had long felt that their pivotal position as a Pacific democracy deserved something better than a backslapping political fixer.

Since World War II, all U.S. ambassadors to Australia have been political appointees, except for one career diplomat sent to Canberra in the early 1970s. (AP)

Quote/Unquote

Charles Grassley, Republican of Iowa, a member of the Senate Judiciary Committee that must vote on whether to confirm the nomination of Judge Ruth Bader Ginsburg to the Supreme Court: "I think she's a Democrat that even Republicans could support. Now the president is beginning to act as if the cabinet he ran on instead of the liberal he started serving as." (AP)

Away From Politics

• AIDS and related infections have surpassed accidents, cancer and heart disease as the leading killer of young adults in an increasing number of cities and states, U.S. government researchers reported. In an analysis of 1990 mortality data, published in the Journal of the American Medical Association, they found that AIDS and illnesses related to HIV, the virus that causes it, were the No. 1 killer of young men in five states and 64 cities nationwide, and the leading killer of young women in nine cities.

• A heart and liver transplanted to Pennsylvania's governor, Robert P. Casey, were working well after the 13-hour operation a day earlier, and Mr. Casey, 61, regained consciousness, surgeons said. Meanwhile, Senator Arlen Specter, Republican of Pennsylvania, conducted business from his hospital bed after doctors told him that a 2-inch tumor removed from his skull was benign.

• The American Medical Association has banned discrimination against homosexual doctors who want to join its ranks. By a voice vote, delegates for the nation's largest association of doctors added the words "sexual orientation" to their nondiscrimination bylaw. They had rejected similar measures several times previously in the last four years.

• An endangered California condor was killed when it flew into utility lines east of Fillmore, in the second such incident in a month, U.S. wildlife officials said.

• Divers who reported the discovery of a sunken Nazi submarine off Cape Cod plan to proceed with salvage efforts despite protests from Bonn. German officials say the U-boat is a tomb for the estimated 50 crewmen who drowned when it was sunk on Oct. 28, 1944.

• A youth hit a 79-year-old woman on the head with a portable stereo after she complained about the lyrics of a rap song he was listening to, then beat and kicked her to death, said police in Fort St. Louis, Florida. Victor Brancaccio, 16, told friends that he killed Mollie Mae Frazier and left her body in a vacant lot near his home.

• A doctor was sentenced to up to 29 years in prison for a botched abortion that resulted in a child being born with a severed arm, and for kicking another woman out of his office midway through an abortion. Dr. Abu Hayat, 64, was convicted Feb. 22 of illegal abortion and three counts of assault. (AP, NYT)

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Herald Tribune

U.S. Has a Bitter Pill for Vitamin and Diet Supplement Firms

By Marian Burros
New York Times Service

WASHINGTON — The Food and Drug Administration, renewing its efforts to control vitamins and other dietary supplements, announced plans Tuesday to regulate health claims. The agency will also seek advice on how to assure the safety of the products in the \$4 billion market.

Those plans have been met with a vigorous counter-attack by the supplement industry, which opposes any new regulations.

Americans are swallowing billions of pills in the belief that they bolster the immune system, help them sleep, induce weight loss, fight heart disease and cure cancer. Unlike drugs or foods, the safety, nutritional content and health claims of vitamins, minerals, amino acids and herbal products are barely regulated.

The agency reassessed its proposed rule about health claims that was originally published as part of the Nutrition Labeling and Education Act, which takes effect next year. The rule would require accurate information on most foods and supplements.

In response to heavy pressure from the supplement industry, Congress placed a one-year moratorium on the section of the act that applied to dietary supplements. If Congress does not renew the moratorium or write new legislation, the rules could take effect next year.

In addition to the proposed regulation, the agency began an inquiry into the safety of amino acids and herbal preparations.

The industry is telling its customers that the agency intends to remove hundreds of products from the market and require prescriptions for dozens more.

Gerald Kessler, the chief executive officer of Nature's Plus, a Farmingdale, New York, manufacturer of supplements, said: "The FDA has had a bias against the supplement industry for 50 years." Mr. Kessler heads the Natural Nutrition Alliance, one of the more active groups lobbying to prevent the enactment of new rules. He is no relation to Dr. David Kessler, the agency commissioner.

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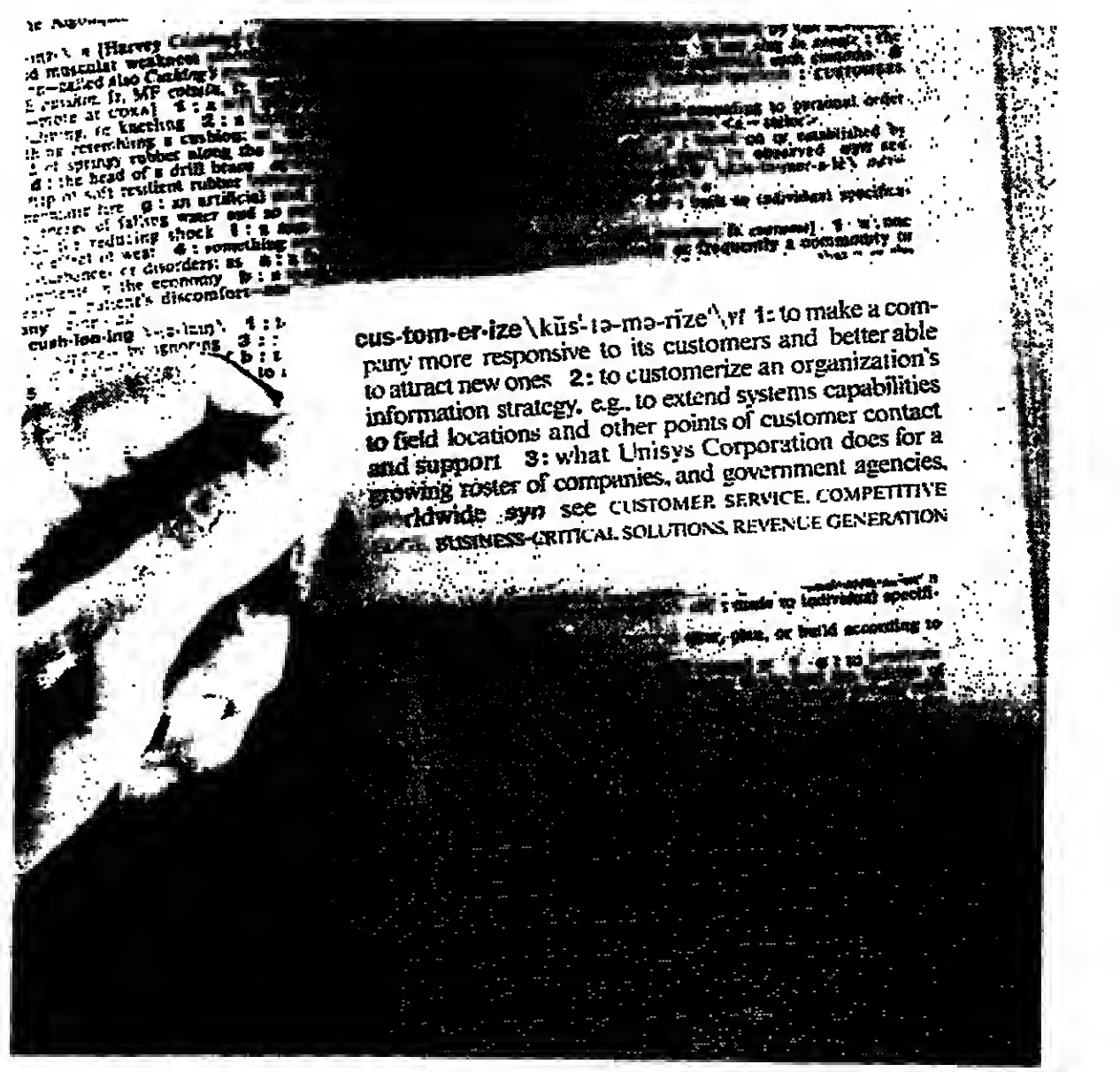
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Economic Plunge in Ukraine Adds to a Sense of Insecurity

By Celestine Bohlen
New York Times Service

KIEV, Ukraine — Eighteen months after gaining independence — at a time of uncertainty about its nuclear status — Ukraine is caught in a severe economic downturn as strikes spread across its industrial and coal-mining regions.

With the political leadership in disarray, these troubles have only increased Ukraine's innate feelings of insecurity. And it is that insecurity about its neighbors that is at the root of the Ukrainian parliament's reluctance to approve the strategic arms agreement, known as START-1, worked out by the Soviet Union and the United States.

Ukraine is also delaying steps necessary to decide

that Ukraine will be compensated financially for relinquishing weapons that, besides strategic value, have economic value through extraction and sale of their warhead nuclear materials.

In the last three weeks, Ukraine's debate over the nuclear issue has been complicated by a three-way tug-of-war between the president, parliament and the government over not only who should lead Ukraine but also how and where.

Three times, Prime Minister Leonid S. Kuchma submitted his resignation, only to be turned down each time.

At one point, President Leonid M. Kravchuk, the former Communist Party ideology chief who led the country to independence, proposed taking over the government himself, but that proposal, too, was rejected by parliament.

[Mr. Kravchuk called Tuesday for a referendum of confidence in his leadership and elections for a new parliament, Reuters reported. He proposed to parliament that the voting be in December and January. Deputies failed to agree on the balloting and called for further study.]

[Ms. Kuchma, in a fiery address, supported the referendum but said it should ask Ukrainians whether they wanted to press on with market reforms or stand by planned Communist economics.]

The reputation of Ukraine's leadership has been bruised by the political crisis, just as popular discontent over a crumbling economy begins to heat up.

Last week, a wave of strikes swept through the giant Donbass coal region, which straddles Russia and Ukraine.

The strike has spread to the Kharkov region in eastern Ukraine, a bastion of heavy industry and an estimated half-million workers, many of them ethnic Russians, shut down mines and factories in a protest against a new surge in prices.

In a repetition of a miners' strike during the final years of the Soviet era, the strike leaders have issued political and economic demands, calling for Mr. Kravchuk's resignation, new parliamentary elections and greater independence.

By any indication, the economy is in bad shape and getting worse. Production has been falling steadily, while the money supply increased 42 times in 1992 alone.

"It would not be an exaggeration to call the situation catastrophic," said Volodimir Cherniuk, an economist from the Institute of the Economy. "Those who call it a crisis are dangerous optimists."

Republics Give Up On Joint Command

By Fred Hiatt
Washington Post Service

MOSCOW — The Commonwealth of Independent States, bowing to the fractious political realities of the post-Soviet world, abandoned on Tuesday any pretense of maintaining joint armed forces within the borders of the former Soviet Union.

Defense ministers of the post-Soviet republics, including Russia and Ukraine, agreed to disband the Supreme Command of the Commonwealth Joint Armed Forces and replace it with a "consulting headquarters for coordinating military cooperation."

They replaced the supreme commander, Marshal Yevgeny I. Shaposhnikov, with a lower-ranking and less influential officer, Colonel General Viktor Samsonov.

Although their actions still must be confirmed by the heads of each government, the Ukrainian ambassador to Russia said the decision amounted to a "funeral" for the joint armed forces. It codified the irrevocable disintegration of the once-mighty Soviet military machine.

The end of the era of nominal joint forces leaves unresolved the most pressing issue of control over nuclear arms. In principle, the Commonwealth joint command exercised control over the strategic missiles, which still are situated in four republics: Russia, Ukraine, Kazakhstan and Belarus.

In practice, however, Russia has sought to assert full control over the missiles, while Ukrainian generals and politicians have grown increasingly reluctant to give up such control. The action on Tues-



BOSNIA PROTEST — Demonstrators outside the World Conference on Human Rights in Vienna on Tuesday denouncing atrocities as Bosnia's foreign minister, Haris Siladzic, won a standing ovation inside the meeting with an emotional appeal for help.

it would not be an exaggeration to call the situation catastrophic. Those who call it a crisis are dangerous optimists.

Volodimir Cherniuk, economist

this country of 55 million people a nonnuclear state, as its leadership promised a year ago.

With the government already talking of building up an armed force of a half-million, this flirtation with nuclear weapons has become a concern of Ukraine's neighbors, most prominently Russia and Poland, and of Western nations alarmed by the uncertainties this might produce in Europe.

This has produced some unusual major diplomacy for Ukraine. The U.S. defense secretary, Les Aspin, and Chancellor Helmut Kohl of Germany have been to Ukraine in recent days to show support for its independence.

They also sought to reassure a country worried that its security concerns — particularly about Russia — have gone unheard. This was evidently done in hope that it would make it easier for Ukrainian politicians to end their coyness with nuclear weapons.

But Ukrainian opponents of swift approval of the arms control agreements said they still wanted more — more financial help from the West to cover the cost of dismantling 176 intercontinental missiles.

Above all, Kiev wants a commitment from Russia

day will only send the issue further into limbo.

Colonel General Boris V. Gromov, a Russian deputy defense minister, said Tuesday that control over strategic forces should officially be transferred to Russia, a move certain to be opposed by Ukraine.

The joint command also was unable to resolve a conflict between Ukraine and Russia over control of the Black Sea Fleet. The fleet is based in Sevastopol, historically the pride of the Russian Navy, but a part of Ukraine.

President Boris N. Yeltsin of Russia and President Leonid M. Kravchuk of Ukraine are sched-

uled to meet this week to defuse growing tensions between the two nations over the fleet.

Marshal Shaposhnikov, a former Soviet Air Force commander, had tried to preserve some unity within the former Soviet military as each of the newly independent republics claimed the right to a sovereign army. His departure for a post on Mr. Yeltsin's staff, as chief of the Security Council, was seen as final proof that the fifteen republics would not support joint forces or even NATO-style coordination.

"His departure to the government of the Russian Federation is a signal that the combined command ceases to be a serious interstate

organization," said Vladimir Kryzhanovskiy, Ukraine's ambassador to Russia.

Russia's military maintains strong ties on a bilateral basis with several of the republics, such as Tajikistan and Turkmenistan. It also still has bases in republics that want no military relations with Russia at all, such as Latvia, Estonia and Lithuania.

But the efforts of Marshal Shaposhnikov and some republics, notably Kazakhstan, to maintain joint forces or conduct allied peacekeeping all ended in failure. The republics were divided by differing geopolitical interests, jealousies

over their share of the Soviet inheritance and an unwillingness in tough economic times to spend money away from home.

"There are no CIS combined forces today, and their creation in the future is problematic," Marshal Shaposhnikov said Tuesday at the defense ministers' meeting. "We are doomed to cooperation, but that will be in the future."

Marshal Shaposhnikov pledged to work toward Commonwealth cooperation from his new post, a pledge which brought an immediate rebuke from the Ukrainian ambassador, who said it smacked of "big brother" attitudes.

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OPINION

Clinton Owe America The Truth About Syria

By A. M. Rosenthal

NEW YORK — Bezza was once Lebanon's breadbasket, rich with wheat, fruit, vineyards. Since Syria took military control of the country, 90 percent of the valley has been given over to drug cultivation — particularly opium for heroin. Syrian military units border cannabis and opium fields and laboratories for making the heroin.

ON MY MIND

President Hafez Assad's brother and the minister of defense, make steady more. All told, the Syrian military gets a subsidy of \$300 million to \$1 billion from the heroin trade, much of it produced destined for the United States.

Terrorist groups headquartered in Syria also draw funds from drug cultivation in the valley. The information above comes from a report ordered and made public by the chairman of the Subcommittee on Crime and Criminal Justice of the U.S. House of Representatives.

But the time for merely engaging in diplomatic dialogue with the Syrians on the drug trade is over, the report said. It urged that the United States set a deadline for Syria to end its drug activities, and that the Justice Department prosecute Syrian generals who conspire to put drugs on the streets.

The report was drawn up in the summer and fall of 1992. It denounced the Bush administration's failure to take action and warned that the Syrian drug trade could turn into another Iranagate.

But the report, ordered by Representative Charles Schumer, was not made public until after election day in November. By that time the congressman from New York was aware that he was issuing his recommendations and warnings not to George Bush but to Bill Clinton, the candidate of his own party.

Since then the production of opium for heroin in Bezza has moved upward. The new policy urged by Mr. Schumer — official recognition in Washington of the Syrian drug trade, and a political and legal offensive against it — does not exist.

Like most Americans, particularly those who voted for him, I want to give the president the time he needs to solve major problems. But patience does not mean hang-



Good news! Risk of forest fires ruining your vacation greatly reduced this year!

The Morality Is Muffled By This Culture of Guns

By Keith Peterson

LONDON — Nearly 20 years ago, as a student, I had a summer job in a Stockholm hospital. A patient, well into her 90s, remarked on my accented Swedish, and I told her that I was American.

"If you are an American," she asked suspiciously, "where is your gun?" I laughed and told her that not all Americans carry guns. This incident came to mind the other day when a friend called from Sweden.

MEANWHILE

Other day when a friend called from Sweden. He was born in India; his wife is Swedish. They are professionals. He is a manager for a computer firm. She is a doctor. Soon he will be transferred by his company to the home office in the United States. He had many questions for his American friend. One took me aback.

"Should I buy a gun?" I laughed. "No, no," my friend said. "I'm serious. Maybe I've been seeing too many movies, but there seem to be a lot of crazies running around." Perhaps his question should not have surprised me. Having lived in many countries, I am all too aware of the image many people abroad — even well-traveled, educated people like my friend — have of an America that is crime-infested and plagued by the culture of the gun.

The UN and Bosnia

If the United Nations continues its ineffective policy in Bosnia, it could itself become the main casualty of the fighting there. Its total failure to accomplish in Bosnia a cessation of aggression and an end to the worst bloodshed in Europe since World War II will inevitably lead to a major global loss of faith in the world organization.

MILJAN PETER ILICH, New York.

Innocent Blood

Remember the bloody scene in Sarajevo — innocent bystanders, in line before a bakery, being torn to pieces by incoming mortar shells? Serbs were blamed. In fact, it was clearly a provocation of the worst kind, one of the many, by local Muslim forces who have not hesitated to murder their own people for the sake of publicity and their ultimate goal of provoking Western intervention.

PETER REICH, Schenob, Switzerland.

Russians in Estonia

Regarding "Too Much Tolerance of Separatism, Gorbachev Says"

French Mental Health

You have published several letters recently comparing French and American health care. I should like to mention the French national mental health system.

MARTIN GITTELMAN, New York.

A Gracious Sportsman

As an expatriate American and a tennis fan, I long felt humiliated by the way U.S. professional tennis was dominated by a loud-mouthed brat who didn't know what sportsmanship was.

PH. B. SMITH, Groningen, Netherlands.

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ECONOMY: Inflation Stays Under Control

The current account is considered the broadest measure of international competitiveness because it tracks not only trade in merchandise but also trade in services and investment flows.

Trade Deficit Shrinks

The Commerce Department said the deficit on current account, the broadest measure of trade performance, was \$20.9 billion in the first three months of the year, down from \$23.6 billion during the final three months of 1992.

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MARKET DIARY

Good Inflation Data Fail to Lift Stocks

Bloomberg Business News NEW YORK — Blue-chip stocks fell Tuesday as slumps in International Business Machines and Du Pont reinforced pessimism about the outlook for corporate earnings.

But as far as investors were concerned, "the anticipation was over, and all the good news was out," said Richard Clarke, director of trading at Eagle Asset Management.

Weakness in Treasury bonds further constrained the stock market, traders said. In late trading, the benchmark 30-year bond was yielding 6.82 percent, up a basis point.

Bonds were also roiled as investors anticipated Friday's quarterly options and futures expiration, known as "triple witching."

Du Pont plummeted 1 3/4 to 4 3/4 after an analyst at Goldman, Sachs & Co. removed his purchase recommendation on the stock and reduced his earnings estimate, citing the soft economy.

IBM tumbled 2 to 50 after a Salomon Brothers analyst said he expected the computer maker to announce as much as \$5.4 billion in additional write-offs and possibly have a severely reduced annual dividend of \$2.16 a share on July 27, when the company reports second-quarter results.

The Du Pont and IBM news came in the aftermath of profit warnings last week from two other economic and market bellwethers, Minnesota Mining & Manufacturing and Apple Computer Inc.

N.Y. Stocks

consumer-price report, traders said.

The Labor Department said consumer prices rose just 0.1 percent in May. The report, which followed Friday's news that producer prices were unchanged last month, eased concern that inflation might accelerate and might persuade the Federal Reserve Board to raise interest rates, traders said.

The Dow Jones industrial average tumbled 22.69 points to close at a session low of 4,920. Led by IBM, Du Pont, and Eastman Kodak Co., Advancing common stocks edged declines on the New York Stock Exchange. Trading was moderate, with about 226 million shares changing hands on the Big Board.

"I would have thought that with the inflation numbers, there'd be more enthusiasm for the market," said Barry Berman, head trader at Robert W. Baird in Milwaukee.

Dollar Rises as Market Bets on German Easing

Bloomberg Business News NEW YORK — The dollar rallied Tuesday against major currencies, surging against the Deutsche mark amid growing speculation that Germany's central bank might cut interest rates this week.

The dollar improved to 1.4714 Swiss francs from 1.4540 francs and to 5.3375 French francs from 5.4760 francs. The pound slipped to \$1.5155 from \$1.5269.

"The dollar gained on the back of a weak mark," said Albert Soria, foreign-exchange manager at Kansai's Osaka Pankki. Concern about the weak German economy and the prospect for rate cuts helped drive the mark lower against other currencies as well. It fell to a postwar low of 64.141 yen.

The dollar dipped early in the day after the Labor Department said consumer prices rose a scant 0.1 percent in May, putting to rest speculation that the Federal Reserve will be forced to raise rates soon to combat inflation.

Even so, U.S. rates are likely to rise in coming months, while German rates fall, making the dollar a better bet, traders said. Some said the dollar could approach its 1993 high of 1.6742 DM set on March 5.

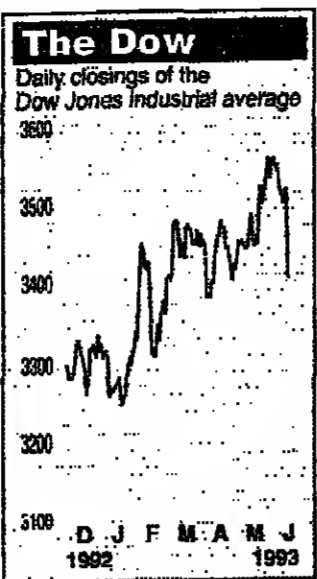


Table with columns: NYSE Most Active. Lists top trading stocks like IBM, DuPont, and Eastman Kodak with their respective volume and price changes.

Table with columns: NYSE Diary. Lists market indicators like Advances, Declines, Unchanged, and Total Issues.

Table with columns: Amex Diary. Lists market indicators for the American Stock Exchange.

Table with columns: NASDAQ Diary. Lists market indicators for the National Association of Securities Dealers.

Table titled 'Dow Jones Averages' showing indices for Industrials, Transport, Utilities, Finance, and SP 500.

Table titled 'Standard & Poor's Indexes' showing indices for Industrials, Utilities, Finance, and SP 500.

Table titled 'NYSE Indexes' showing Composite, Industrials, Utilities, and SP 500.

Table titled 'NASDAQ Indexes' showing Composite, Industrials, Finance, and SP 500.

Table titled 'AMEX Stock Index' showing Composite, Industrials, Finance, and SP 500.

Table titled 'Market Sales' showing NYSE and NASDAQ trading volumes.

Table titled 'N.Y.S.E. Odd-Lot Trading' showing buy and sell orders for various stocks.

Table titled 'S&P 100 Index Options' showing call and put options for various stocks.

Table titled 'EUROPEAN FUTURES' showing contracts for Food, Metals, and Stock Indexes.

Table titled 'Stock Indexes' showing FTSE 100, Nikkei, and other international indices.

Table titled 'Spot Commodities' showing prices for Aluminum, Copper, Lead, and Zinc.

Table titled 'Dividends' showing company names, dividends, and yields.

Table titled 'U.S. Futures' showing contracts for Grain, Livestock, and Metals.

WORLD STOCK MARKETS

Table titled 'WORLD STOCK MARKETS' showing stock indices for major world cities including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Singapore, and Tokyo.

Clarke Keeps Tax Option Open

LONDON — Kenneth Clarke, appointed chancellor of the Exchequer to reinvigorate Prime Minister John Major's government, pledged Tuesday to keep a tight grip on inflation and spending as he nurtures a fragile recovery.

He indicated his preference to focus on spending cuts to tackle the government's £50 billion (£36 billion) budget deficit but refused to rule out new tax increases.

Speaking to bankers and financiers, Mr. Clarke appeared to dampen any hopes of any impending cut in interest rates, saying he would not squander the success of bringing inflation to a 30-year low of 1.3 percent by embarking on policies which will allow inflation to return.

U.S. FUTURES

Table titled 'U.S. FUTURES' showing contracts for Grain, Livestock, and Metals.

Salomon Sees More IBM Write-Offs

NEW YORK (Bloomberg) — International Business Machines Corp. will likely take additional write-offs of as much as \$5.4 billion as it cuts more jobs and other expenses in response to continued weak demand, a Salomon Brothers analyst, John Jones, said Tuesday.

To cover the severance costs, IBM also may slash its dividend again, Mr. Jones said. Last January, IBM chopped its quarterly dividend on common stock to 54 cents a share from \$1.21, reducing its annual dividend to \$2.16.

Mr. Jones said he still rated IBM as a hold, but that he expected it to undergo a further \$4 billion to \$5 billion in restructuring charges. He said there was a 50 to 60 percent chance that IBM would cut its dividend with the July 27 second-quarter earnings announcement.

He forecast a second-quarter loss of 30 cents a share for IBM, and cut his 1993 forecast to a loss of 62 cents from a loss of 50 cents. He revised downward his 1994 forecast to \$1.80, from \$2.

Heinz Plans to Eliminate 3,000 Jobs

NEW YORK (Knight-Ridder) — In a restructuring plan announced Tuesday, H. J. Heinz Co. will cut 3,000 jobs worldwide and charge nearly all of the costs for the revamp — estimated at \$117 million after tax — to its fourth quarter, ended April 28, a company spokesman said.

The job cut will be "spread around the world," but most will be overseas, said Ted Smith, vice president of corporate affairs. The company employs between 35,000 to 40,000 people. An exact employment total was not immediately available.

The restructuring will include "reconfiguring" manufacturing operations between the United States and Canada and investing in training and technology to downsize operations in Britain, Italy and its Ore-Ida unit, the company said.

Trading Net Links 12 Brokerages

NEW YORK (Combined Dispatches) — Twelve major Wall Street brokerage firms and Merrin Financial Inc., a provider of trading systems based on personal computers, announced Tuesday the first completely electronic trading network.

The Intermarket Trading Network will connect institutional money managers, brokers and exchanges into a network that can expedite block trades, clearance and accounting while increasing access to information, Merrin said.

The brokers participating include Merrill Lynch & Co., Salomon Brothers Inc., Morgan Stanley & Co., FaineWebber Inc., AZX Inc. and Fidelity Investments. (AP, AFP)

U.S. Car Sales Maintain Brisk Pace

NEW YORK (Knight-Ridder) — U.S. car sales sparked again in early June, continuing to buck the lackluster spending trend seen elsewhere in the economy, according to data released Tuesday.

Sales of U.S.-made cars reached a seasonally adjusted annual selling rate of 6.8 million units in the June-10 selling period. That pace was down from the 7 million units in late May, but it was the brisk pace for sales in the first selling period of a month this year. The first selling period is usually the weakest in the month, analysts said.

For the Record

National Semiconductor Corp.'s earnings rose 40 percent to \$462 million in the most recent quarter, from \$275 million a year earlier, the company said. (AP)

A computer problem delayed trading Tuesday on five major commodities exchanges in Four World Trade Center in lower Manhattan, affecting markets in oil, gold and coffee and lifting trading for as long as two hours in some markets. (Knight-Ridder)

Deutsche Bank announced plans to blend C.J. Lawrence, an American securities firm it has owned for nearly four years, more closely into the bank's other securities businesses in the United States. (NYT)



Fresh Falls For Shares In Ferruzzi

MILAN — Shares of companies in the debt-laden Ferruzzi group took new dives on Tuesday, dragging down the stock of creditor banks and the entire Milan market.

Montedison SpA, a chemical-based conglomerate that is the industrial core of the group, lost nearly 20 percent of its value.

The Milan Bourse Index dropped 2.66 percent in heavy trading to close at 1,133.

Banks that are putting together a reorganization plan for Ferruzzi also were hit.

Ferruzzi put its fate in the hands of its bankers last week after failing to keep up payments on its net debt of more than 15 billion lire.

Timex Closing Scottish Plant Watchmaker Cites Labor Dispute and Losses

LONDON — The watchmaker Timex Group Ltd. said on Tuesday that it would shut a factory in Scotland after talks to end a bitter industrial conflict failed.

Mohammed Saleh, head of human resources for Connecticut-based Timex, said the decision to shut the Dundee unit, Timex Electronics Corp., came against a background of years of heavy losses at the plant and "unrealistic" demands for reinstatement of dismissed workers.

The announcement that the plant would close by Christmas, ending a 50-year presence in Dundee, followed negotiations that began on Monday between senior U.S. management and local union officials.

The dispute began five months ago when the 343 workers objected to the company's plans to reduce staff at the plant, which makes electronic circuit boards.

Replacement workers were hired in daily, running a gauntlet of abuse from the fired workers who set up picket lines outside the plant.

Mr. Saleh said Timex, owned by the Norwegian shipping tycoon Fred Olsen, had tried to transform the Dundee factory into a world-class manufacturer but failed.

Some of our members have given 40 years of their life and generated untold millions of pounds in profit for this company and to desert Dundee is an utter outrage.

Chancellor Helmut Kohl and Prime Minister Carlo Azeglio Ciampi indicated that economic troubles would probably stay in the spotlight at the summit next Monday.

Some analysts blame the Community's economic troubles on Germany, saying its interest rates — kept high to finance the 1991 annual debt of rebuilding Eastern Germany — have dragged down other economies.

The costs of unification have contributed to the worst postwar recession in Germany and have led Mr. Kohl to call for a drastic overhaul of the country's liberal social-welfare state.

Mr. Kohl's Christian Democrat-Union on Tuesday unveiled a comprehensive cost-cutting package to improve the German economy by slashing government subsidies and social benefits.

EC Summit Urged To Focus on Jobs And the Recession

BONN — Germany and Italy said Tuesday that next week's European Council summit must seek ways to combat growing joblessness and the recession gripping Western Europe.

The proposal, to be discussed during budget talks later this month, calls for German citizens to pay a higher share of their medical care, unemployment insurance and other costs.

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Investor's Europe

Table with columns for Exchange, Index, Tuesday Close, Prev. Close, and % Change. Includes data for Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, Amsterdam CBS Trend, Brussels Stock Index, Frankfurt FAZ, Helsinki HEX, London Financial Times 30, London FTSE 100, Madrid General Index, Milan MIB, Paris CAC 40, Stockholm Affärsveckan NLA, Vienna Stock Index, Zurich SBB.

Very briefly:

- Britain's seasonally adjusted industrial output was unchanged in April from March and up 1.0 percent from a year earlier. Manufacturing production, which excludes energy output, was up 0.7 percent from March and 2.5 percent from April 1992.

TV: Western Investment Worries Some in East Europe

Continued from Page 13 private regional television stations are already operating, often without legal authority.

Much is at stake because there are only a small number of nationwide channels in the region.

In the Czech Republic, there are only three channels. Two are used by Czech Television, the former government channel that has been transformed into a public broadcaster.

The license for the new broadcaster, Czech Independent Television, requires 40 percent of its programming time to be Czech-produced and limits advertising to a maximum of 13 percent of its broadcasting time.

The broadcaster's backer, Central European Development, hopes "to create a group of independent TV stations" in eastern Europe.

PARIS — Bundesbank President Helmut Schlesinger said Tuesday he knew the risk premium on French interest rates over German rates would disappear after the center-right coalition came to power in France in March.

"The development of French rates confirms a forecast that I made one day after the new government came into power," Mr. Schlesinger said at a news briefing at the French Senate, where he had testified on the planned reform of the Bank of France.

The Bank of France cut its intervention rate Monday to 7.25 percent from 7.5 percent, taking it to the same level as the Bundesbank's discount rate.

"We have always said that there is nothing wrong with French economic fundamentals," Mr. Schlesinger said.

He added that there had never been a reason to question the franc's parity in the European Monetary System.

German Bonds Trial Opens

FRANKFURT — Four traders formerly employed at a large German cooperative bank went on trial Tuesday charged with misuse of bank funds in a scandal that involved 6 billion DM (\$3.7 billion) worth of German government bonds.

The four, together with an independent broker, are accused of causing 800 million DM in damages to Deutsche Genossenschaftsbank through bond deals with 25 French banks between 1987 and 1990.

The five are charged with criminal breach of trust.

Indonesian Orders Launch Fokker-70 Commuter Plane

PARIS — Fokker NV said Tuesday it had launched its 79-seat Fokker-70 aircraft with orders for up to 20 planes worth about \$400 million from two Indonesian airlines.

In an announcement at the Paris air show, Fokker said that Indonesia's Sempati Air placed orders for 10 Fokker-70s and took options on five more, while Pelita Air Service placed a firm order for five.

Shares of Fokker, which is 51 percent owned by Germany's Daimler-Benz AG, rallied in Amsterdam before the announcement, surging 9 percent to 16.10 guilders.

Dealers said an article in the Dutch newspaper Trouw also propped up Fokker's shares.

Fokker's chairman, Erik Jan Nedderkorn, said in Paris that although there were talks with the four airlines, their merger was still too uncertain to cement an order.

Rolls-Royce PLC, maker of the engines for the Fokker-70, said its part of the launch order was worth up to £70 million (\$107 million).

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Taiwan To Resume Privatization

TAIPEI — Taiwan plans to restart its faltering privatization program next month by auctioning off majority stakes in two state corporations, the Commission of National Corporations said Tuesday.

Playing the China Card Chase Sells CITIC a Piece of H.K. Unit

HONG KONG — Chase Manhattan Corp. is selling a 20 percent stake in its Hong Kong credit card business to a Chinese state-controlled company as part of a \$114 million public float of the business, Chase announced Tuesday.

Chase said it would retain a 54 percent stake in Manhattan Card Co. while selling 26 percent, or 388.1 million shares, in an initial public offering at 1.87 dollars a share. That will raise 685 million Hong Kong dollars (\$88.8 million).

Retail Sales Surge As the Chinese Seek Inflation Hedges

BEIJING — Retail sales soared in May as Chinese consumers went on a shopping spree, an official report said Tuesday.

Retail sales hit a record 109.4 billion yuan (\$19.2 billion) during the month, up 27.3 percent from a year earlier, the China Daily reported. The article pointedly noted that the growth rate was the highest since 1989, "when the country experienced its first panic buying prompted by swelling inflation."

Investor's Asia

Table with columns for Exchange, Index, Today's Close, Prev. Close, and % Change. Rows include Hong Kong, Singapore, Tokyo, and various regional indices.

Very briefly:

- Motorola Inc. said it would discuss possible participation by companies from Taiwan in its plan to establish a global satellite telephone system.

Oil Futures Boost Shanghai Market

SHANGHAI — Just weeks after its launch, the Shanghai Petroleum Exchange has surged ahead of its rival in nearby Nanjing and, in terms of volume, trades more than a match for its international counterpart in Singapore.

The exchange made its first official trade on May 27, taking a step toward China's goal of gradually internationalizing its oil industry and establishing a market price for oil and oil products.

It offers standardized futures contracts in crude and gasoline. A standardized contract is an agreement to buy or sell a standard amount at a set price at a future date, cleared through a central system. Other types of forward contracts can be for varying amounts and are not centrally cleared.

Fall in Yuan Hits China's Main Refiner

SINGAPORE — The sharp drop in the yuan against the dollar has exacerbated China Petrochemical Corp.'s payment problems on crude oil purchases this year, industry sources said Tuesday.

During the first 18 days of trading, daily turnover has averaged more than 100,000 tons, Mr. Yang said. That would be considered a heavy day's trading on the Singapore International Monetary Exchange, or Simex, which offers a fuel-oil contract and a little-traded gasoil contract.

INTERNATIONAL CLASSIFIED

Advertisement for International Classified containing various real estate, business, and service listings across multiple columns.

Advertisement for Automobile Market containing listings for cars, motorcycles, and other vehicles.

Easing Seen In Australia Air Dispute

TOKYO — Japan will allow Northwest Airlines to retain its New York-Osaka-Sydney route until July 15 but will ensure the American carrier sticks to the rules governing traffic on the route, a Transport Ministry official said Tuesday.

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OBSERVER

Jurassic Journalist

By Russell Baker

WASHINGTON — While doing in The Wall Street Journal the other day, I suddenly felt the hair rising on the back of my neck the way it does when I walk into the darkened parlor and see a long-dead relative peering over my Oxford English Dictionary's small-print edition with a magnifying glass.

With the difference that this sinister Wall Street Journal moment occurred while I was on the back porch in full afternoon sun whereas parlor sightings of long-dead relatives always occur late on misty evenings when the empy marlin pitcher is still fresh with the smell of the juniper berry.

I reread the hair-raising Journal passage to discover what had terrified me. The story had two bylines. Was that it? Maybe. I had never solved the mystery of how two authors can produce a single work at the keyboard. Does one confine himself to hitting letters on the right side of the keyboard while the other hits only letters on the left?

I had once been one of five authors writing something, and it was a catastrophe. It was not a news story, however. It was — no, it was meant to be — a Broadway musical. I still feel the hair rise on the back of my neck whenever I think of that multi-author theatrical enterprise, just as when I walk into a darkened parlor and see . . .

But never mind that, because it wasn't the Journal's two-party byline that had started me. It was the story's reference to the newspaper business as "a mature industry."

You hear that fairly often nowadays: "a mature industry." You may think it refers to prostitution, investment banking, embalming and other such ancient income producers with a proven durability record. Not so.

When people who write for The Wall Street Journal say your industry is "mature," they are breaking the bad news gently. What they mean is that your industry is not long for this world, pal.

I'd been aware that people in the immature industries — computer games, TV talk shows, sexy underwear for men — had been saying that print was all washed up, or whatever the new cliché is for kaput. Until this very moment, however, I

hadn't fully realized that I was going the way of the dinosaurs. Probably I wouldn't have realized it were I'd been taking for days about "Jurassic Park." This, I'd gathered, was sort of a full-color remake of "King Kong" using outside dinosaurs instead of the outside ape.

It seemed pretty nerdy of Steven Spielberg to try to pull it off without Fay Wray, and he must have had doubts too, because the TV hype was stifling. Telegraphic movie reviewers were so hysterical they couldn't stop praising the credibility of the special effects by calling them "incredible."

The plot, I'd learned, rested on the supposition that fooling around with DNA can bring back the dinosaurs. You can see how everything was conspiring to give me a hair-raising experience.

Creation of "a mature industry." I was already trudging into oblivion, just like one of those terrific dinosaurs in Walt Disney's "Fantasia." How long, I wondered, would I lie beneath layers of rock and sand before turning to oil? Eventually I would surely be extracted and shipped to a refinery.

Thus would I, creature of "a mature industry," twice do fiscal service to my country: first by paying the tax on transportation fuels, then by turning into that same splendidly taxable substance.

And that wasn't all. Like Douglas MacArthur, I would return. Steven Spielberg pointed the way. Eventually an antique DNA fragment, plucked from ancient amber, would tempt daredevil scientists.

Sitting there on the back porch in the sunlight afternoon, I could see myself, millennia hence, cloned out of the terrifying print-ridden 20th century. I seemed to be in a parlor much like my own except for walls lined with computer games and a TV set that plays "Jeopardy" forever.

The Oxford English Dictionary was gone. I seemed to give off an ancient smell of ink, paper, rejection slips. The man who walked in to my intense disappointment, showed not the slightest sign of terror. "You clones," he said, "will never replace virtual reality." How terrible to be industrially mature.

New York Times Service

Richard Serra's Contentious Sculpture

By John Rockwell

New York Times Service

REYKJAVIK — Richard Serra was in his element. Unfortunately, that element happened to be a rain driven nearly horizontally to the volcanic mudra and mixed with pinpricks of hail. "I love this light," he said, squinting up at the implacable, slate-gray sky. "And I love the look of the piece when it's wet."

He had a point. "Atangar" — the name was taken from an Icelandic epic and means something like "wandering about in a contemplative mood" — consists of nine pairs of hexagonal stone pillars, natural crystalline formations hacked from a quarry in the middle of Iceland and transported to the site. The pairs outline the island like Viking shrines, and although Serra characteristically denies any programmatic intentions, the piece clearly evokes Iceland's rugged, mythic past. When the weather is dry, the stones look light gray and flecked with bird droppings. Wet, they're shiny and black, like Nordic women's Jovian sentinals in the film "2001."

A couple of days later, on a lovely spring afternoon in May on the grounds of an elegant Baroque chateau an hour's drive from Paris, Serra was in a very different element. "It's always like this," he chuckled, strolling across an expanse of manicured lawn after a sumptuous luncheon in the chateau dining room.

The occasion was the mocking-up of a sculptural project commissioned by the chateau's owner, François Pinault. Pinault started out as a building-supplier merchant in Brittany, but has augmented that into a holding company that controls, among other things, two department-store chains.

His chateau grounds are dotted with giant sculptures by the likes of Picasso, Moore and Mondrian, and inside are paintings by many modern masters. Assuming final contractual details are ironed out soon, and Serra is optimistic that they will be, Pinault will by this fall also possess a Richard Serra sculpture — 10 rectangular pieces of Corten steel deployed in asymmetrical formality in an allée defined by rows of ancient trees. Intense and a little nervous, Serra supervised the positioning of the wooden boxes, painted a deep red rust color, on the lawn. "The models are good," he muttered to himself. "Let's hope the piece is good."

Both of these very different works, and their histories, give an idea of the contrasting reception that Serra has received in his native United States and in Europe. In America, several of his public installations — most notoriously, his "Tilted Arc," removed in 1989 from its lower Manhattan site and "destroyed," as he still puts it bitterly — have provoked acrimonious controversy. Their sensuous curving abstractions, charged with industrial might, strike some as hostile and aggressive.

With private commissions, where individual taste might still seem determinant, negotiations often fall through, too — as one in Los Angeles, on which Serra spent eight months, appears to be doing right now — victims of failed efforts to obtain tax breaks or otherwise shave costs.

In Europe, Serra says, both public and private commissions come from people who understand art and its role in society, whereas Americans are more interested in acquiring resellable investments. "In Europe," he said, "there is a longstanding commitment to art for its social function, not predicated on a secondary sale." Overall, he estimated, 75 percent of his work over the past 20 years has been commissioned and built in Europe.



Some of the nine pairs of pillars of Richard Serra's "Atangar," which outline the Icelandic island of Vidley.

in New York in 1986 — "the Modern has been supportive of my work all the way through," he conceded — three other American museums backed out in the wake of the "Tilted Arc" affair. There have been no American museum shows since then, and five in Europe.

Serra is convinced he's been stigmatized. "You're given a characterization that becomes an imprint in people's minds," he worried. "I would come back to America and there was such a level of rejection, for years I was glad to get back to Europe."

"Atangar" is located on an island in the Reykjavik harbor called Vidley. The island is sacred to the Icelanders as the site of the first Viking landing 1,000 years ago. Serra had been invited to Iceland to build some sort of piece, but the site he chose turned out to be poised for real-estate development. He spotted Vidley off in the distance and scouted it for days before making a proposal that his Icelandic supporters were dubious about to accept. But the city of Reykjavik and the country of Iceland, which shared the costs, accepted it unanimously.

The piece was installed three years ago, with an opening ceremony featuring recitations of epic poetry, a large beach bonfire, trumpet from the surrounding rocks and much champagne. Since then, it has occasioned little or no public opposition. Parity that is because for most of the year the public consists of a couple of caretakers and a great many birds, several of whom can be found perching on the pillars at any given time. But during the summer, when families bring over visitors from Reykjavik, it has proved a popular attraction, so much so that a stone path has been laid to link the pillars on the south side of the island.

In Paris, a similar interest in Serra's work can be found, combined with a willingness to preserve it for posterity. Pinault seems ready to sign a contract that will ensure the eventual donation of Serra's new piece and the land on which it will stand to the French government. The city of Paris already boasts four Serra sculptures, and others can be found all over the European continent, proudly dominating public plazas and museum courtyards.

Europe's greater receptivity to Serra's work has positive and negative explanations. Part of his problem in the United States comes from his politics — once a member of the Students for a Democratic Society, with a long-haired wild-man look to match, he is still outspokenly leftist, which didn't sit well in the Reagan-Bush years. He can also be blamed to the point of abrasiveness and self-defeatingly pugnaic, as his "Tilted Arc" campaign suggested.

His "be-man Minimalism," as his art was once called, seemed incongruously moralistic amidst the '80s rage for pop and graffiti art. And the '90s climate of hyper-sensitivity and political correctness finds him again at odds with prevailing mores, as an old-fashioned macho white male argonite. Two accidents in the installation of his multiton steel sculptures — a worker lost his life in 1971, and another a leg in 1988 — also fueled an image of callous indifference to human life.

Even now, complaining that the public had been denied access to a walk-through sculpture in Paris, he can sound insensitive even if one takes his point. "They closed off my piece because someone got raped in there," he grouched. "People get raped in parking lots, and they don't close them."

PEOPLE

Singer Marion Williams Tops MacArthur Awards

The gospel singer Marion Williams won a \$374,000 MacArthur Foundation "genius grant," the first singer to win one of the prizes granted from the John D. and Catherine T. MacArthur Foundation. The 30 other winners:

- Nancy D. Cartwright, 46, professor at London School of Economics and Political Science, \$300,000; Denton Coakley, 41, professor of mathematics at Princeton University, \$266,000; Maria Luisa Crawford, 53, professor of geology at Bryn Mawr College, \$230,000; Stanley Crouch, 47, critic, playwright and director, \$204,000; Nina C. Ebner, 46, professor of pathology at University of Iowa, \$235,000; Paul Edward Farmer, 33, anthropologist at Brigham and Women's Hospital at Harvard University, \$220,000.

- Victoria Elizabeth Fox, 48, a research associate at the University of Washington, \$235,000; Ernest J. Gaines, 60, professor of English and creative writing at the University of Southern Louisiana, \$335,000; Pedro Jose Garcia Jr., 37, medical director at Miami clinic serving the poor, \$240,000; Thomas G. Gatzert, 61, senior lecturer at the University of California at Berkeley, \$369,000; Ann Hamilton, 37, visual artist, \$240,000.

- Sokolov Karamija, 53, founder and executive director of the Center for New Horizons in Chicago, \$230,000; Ann Lusterbach, 51, Theodore Goodman Professor of creative writing at City College of New York, \$310,000; Stephen Lee, 37, associate professor of chemistry at the University of Michigan, \$240,000; Carol Levine, 58, director of the Ophioph Project, a research organization on children left behind, 45, founder and president of the Rocky Mountain Institute, \$280,000.

- James Lachance, 45, professor of zoology at Oregon State University, \$280,000; Judith Watson Lurie, 46, a pediatrician who founded the National Association of Childbearing Centers, \$375,000; Jim Powell, 41, poet and literary critic, \$260,000 or \$265,000; Maggie Proffitt, 54, research scholar at the University of California at Berkeley, \$225,000; Thomas J. Scanlon, 53, philosophy professor at Harvard, \$320,000; Aaron Shustler, 60, director and founder of the Center for the Study of the History of the American West, \$335,000.

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